

A large, full-canopied green tree with a thick trunk, positioned on the left side of the slide. The tree is set against a white background with green decorative elements: a large green arc on the left and a green hill at the bottom.

EPM Group

2019 Emerging Markets Debt & Equity Conference

Bank of America Merrill Lynch

Miami FL.
May 28-31, 2019

Agenda



- 1. EPM Group Highlights**
- 2. Update on the Ituango Project**
- 3. Divestment plan**
- 4. Financial results as of March 2019**
- 5. Investment Plan 2019-2022**

1. Group EPM Highlights

Colombia's largest multi-utility Company leading across sectors



Electricity



Natural Gas



Water



Solid Waste Management



Telecommunications
(as Une Tigo shareholder)

1. Group EPM Highlights

Geographical diversification



Colombia's largest multi-utility company

- **Assets:** COP 54.1 billion (USD 17,044 MM equiv.)
- **Revenues:** COP 4,285 million (USD 1,350 MM equiv.)
- **EBITDA:** COP 1,452 million (USD 457 MM equiv.)

Headquartered in Medellin, with a growing Latin American portfolio

- Founded in 1955, **100% owned by the municipality of Medellin** with administrative and budgetary autonomy from its owner.
- Provides services **across 6 countries** throughout **7 business segments**

Investment Grade Rating ⁽¹⁾:

- **Fitch:**
 - Local **AAA**, rating watch negative (Nov.27th,2018).
 - International **BBB**, rating watch negative (Nov.27th,2018).
 - **Moody's: Baa3**, negative outlook (Aug.27th,2018).

Note: USD figures converted at an exchange rate of COP/USD \$3,174.79 as of March 31, 2019.

(1) Source: Credit Rating Agencies.

1. Group EPM Highlights

Ample presence in Latin America



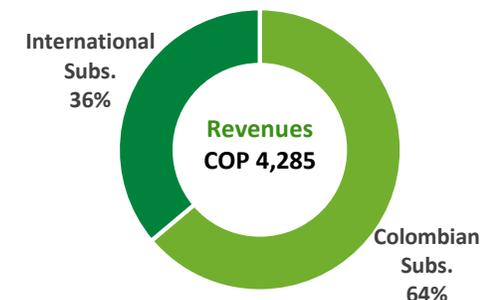
Year of acquisition/investment:	ADASA 2015	DECA 2010	HET 2011	Los Cururos 2013	ENSA 2011	TICSA 2013	DELSUR 2011
Amount Invested (USD MM):	991	635	314	238	152	116	63

Total invested: USD 2.509 million

Infrastructure	Grupo EPM (Colombia and LatAm)
Power Generation	34 hydro power plants: 3,057 MW 2 thermal power plants: 496 MW 2 wind parks: 128,4 MW
Power Distribution	T&D Lines: 235,274 Km Substations: 435 Transformers: 337,551
Gas Natural	Distribution Lines: 7,519 Km
Water	Potable Water network: 5,962 Km Sewage network: 6,270 Km

EPM Group (figures in million)	Total Connections* 2018	New Connections* 2018	Var. %
EPM Parent Company	5,94	0,24	4.2%
Colombian Subs.	3,11	0,13	4.4%
Internacional Subs.	2,47	0,06	2.6%
Total EPM Group	11,53	0,43	3.9%

*Connections: Water/electricity/Gas



Ituango Hydroelectric Project

Status as of March 2019



Reservoir

Auxiliary Diversion
Gallery

Intake Gates

Substation 500 kV

Spillway

Dam

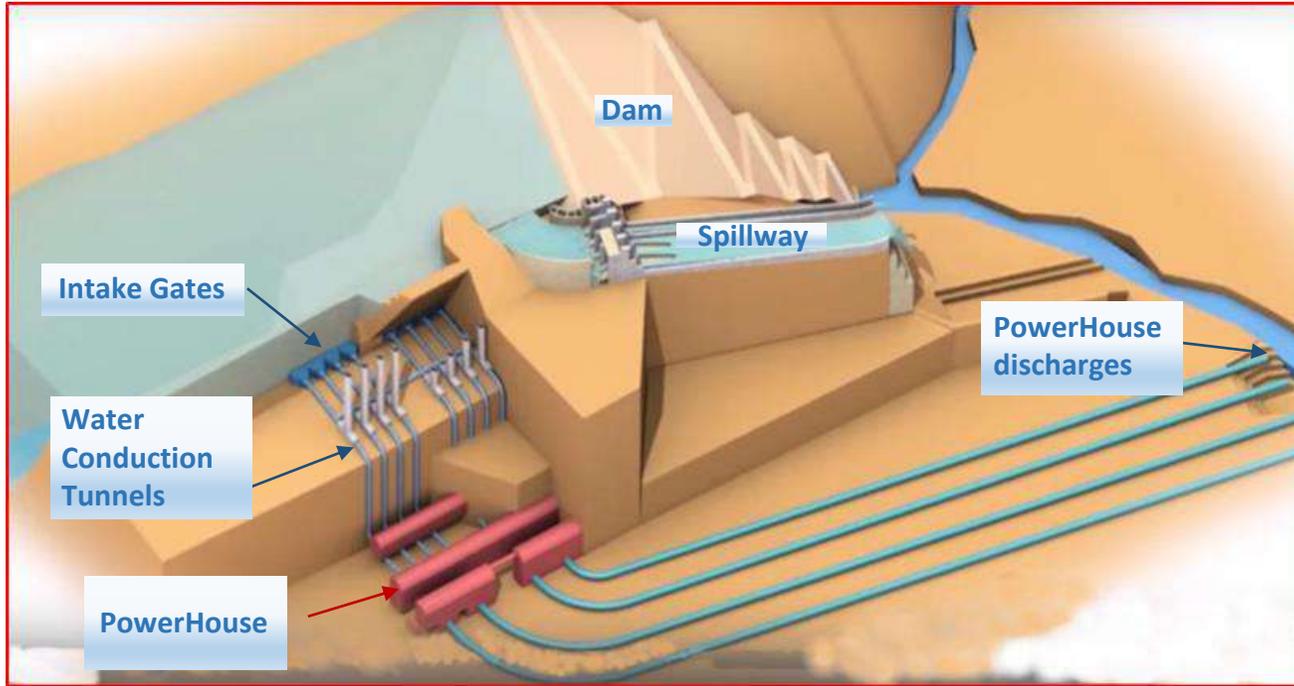
Intermediate
Discharge

Discharges
Deviation 1 and 2

PowerHouse
Discharges

2. Update on the Ituango Contingency

General Plan of the Works



2. Update on the Ituango Contingency

All dates estimated subject to changes due to technical findings and design adjustments (*)



Technical actions - What follows



Dam works

- **Main screen in plastic:** the construction of the panels on the screen (289 panels) was completed. Injections of consolidation continue on the left margin.
- **Dam filling:** Placement of the contact seal between the plastic screen and the upper core.

Estimated compliance dates: (*)

- **Dam filling 435 masl:** 3Q2019

Conduction tunnels

Estimated compliance dates: (*)

- **Filling of the hollow between Wells 1 and 2:** 3Q2019



Right Diversion Tunnel (RDT), Auxiliary Diversion Gallery (ADG) and Intermediate Discharge

- **RDT pre-plug 1:** the injections for the **pre-plug 1** continue from the tunnel of the intermediate discharge. 64 perforations of 120 total have been executed.
- **RDT pre-plug 2:** the subcontractor that will carry out the activity was selected.
- **RDT Final plug:** pre-plug 2 must be completed to start this activity.
- **ADG:** activities for rehabilitation of the floodgates and subsequent placement of the final plug.

Estimated compliance dates: (*)

- **RDT:** 2Q2020
- **ADG:** Pre-plug (closing of gates): 3Q2019
Final plug: 1Q2020
- **Intermediate Discharge Recovery:** 2Q2020



Powerhouse

Estimated compliance dates: (*)

- **Pumping of Powerhouse:** 2Q2019
- **Powerhouse sediments extraction:** 3Q2019
- **Tunnels and caverns recovery:** 2Q2020
- **Stabilization of the access tunnel to the Powerhouse:** 3Q2019
- **Stabilization of the rock between No.1 downstream surge tank and the Powerhouse:** 4Q2019

Estimated date of entry into operation Phase 1 (2 power units): Dec. 2021 (*)
(the other 2 power units): Oct. 2022 (*)

2. Update on the Ituango Contingency - Financial Impact

Figures in COP thousand million^(*)



Project Cost

Concept	CONTINGENCY COST		
	Before	Contingency	After
Direct Cost	9,993	2,779	12,773
Financial Expenses	1,500	1,038	2,537
Total Cost	11,493	3,817	15,310

Direct Cost: COP 2.8 billion increase, mainly in recovery of the main Works and Equipment.

Financial Expenses: COP 1 billion increase, due to a greater period of construction (accounting effect, does not correspond to additional debt).

Total invested as of March 2019: COP 10.1 billion

Contingency CapEx Execution As of March 2019

Investments	616
Expenses	83
Total executed	699

Financial resources as of March 2019

Concept	Amounts accrued March 2019	Payments as of March 2019
Shelters Support	46	31
Affected Care and Compensation	39	1
Reliability Charge Guarantee	134	0
Contingency and environmental sanction	38	0
Payment to transmitter	104	0
Contingency attention	51	51
Removal of assets	78	N.A.
Total	491	83

Pending Financial Resources to be executed Estimated Figures^(*)

Contingency Investments: It is estimated that additional resources of up to COP 2.1 billion will be invested in works associated with the contingency. It should be noted that a recovery is expected for compensation of damage insurance for COP 1.22 billion.

Contingency expenses: in the financial projections, a value of up to COP 0.6 billion, of which COP 0.08 billion has been executed.

The value of the COP 0.52 billion is not included in the COP 2.8 billion of contingency CapEx investments.

^(*) Figures subject to variation based on technical findings and design adjustments

2. Update on the Ituango Contingency - Financial Impact

Project Cost Breakdown

Figures in COP thousand million (*)



CONCEPT	Before Contingency	After (*) Contingency	% Var.
Engineering administrative expenses	1,803	2,166	20%
Infrastructure and Main Works	5,335	7,344	38%
Equipment	1,506	2,129	41%
Environmental and Social Management	914	1,044	14%
Land and Easements	83	89	8%
Unforeseen delays and downward adjustments	353	0	-100%
DIRECT COST	9,993	12,773	28%
Capitalized interests	1,500	2,537	69%
TOTAL COST	11,493	15,310	33%

(*) Figures subject to variation based on technical findings and design adjustments

2. Update on the Ituango Contingency

Cost Reduction Measures 2018-2021 - EPM Group

Figures in COP million



	Total 2018	Total 2019	Total 2020	Total 2021	Total 2018-2021
EPM Parent Company	\$240,192	\$247,398	\$254,820	\$262,464	\$1,004,874
	2018	2019	2020	2021	2018-2021
Colombian Power Subs.*	\$69,609	\$52,420	\$39,857	\$42,342	\$204,228
International Power Subs.*	\$23,904	\$16,595	\$15,462	\$15,105	\$71,066
Water Subs.*	\$87,088	\$22,123	\$26,067	\$33,373	\$168,651

Approx.
\$1.4 billion

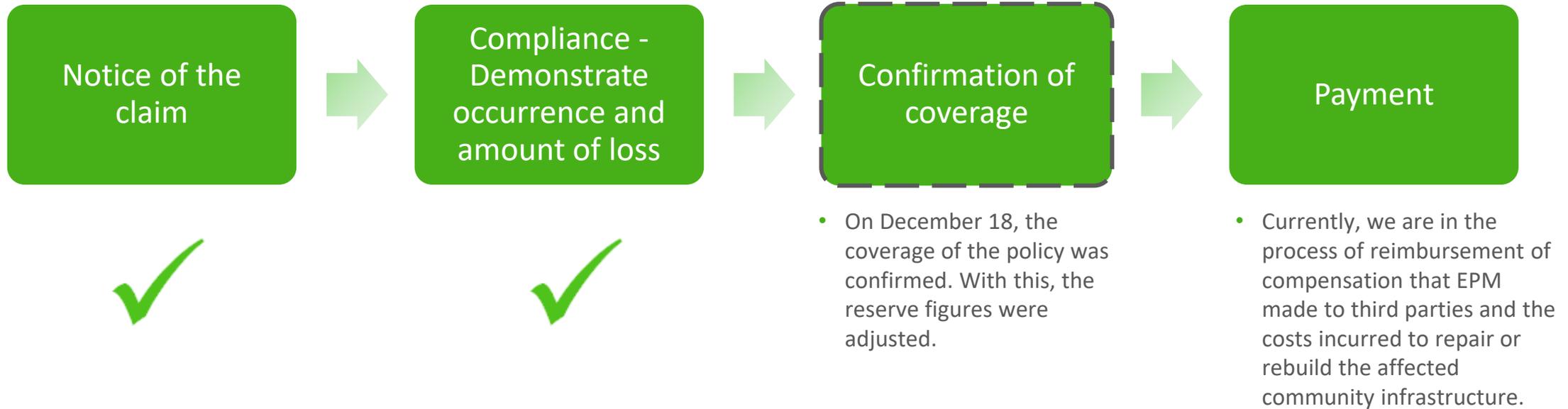
These obtained resources will be used to cover the costs originated in the Ituango Contingency

* Figures taken from current financial projections vs. May 2017.

2. Update on the Ituango Contingency



Insurance policy for non-contractual civil liability



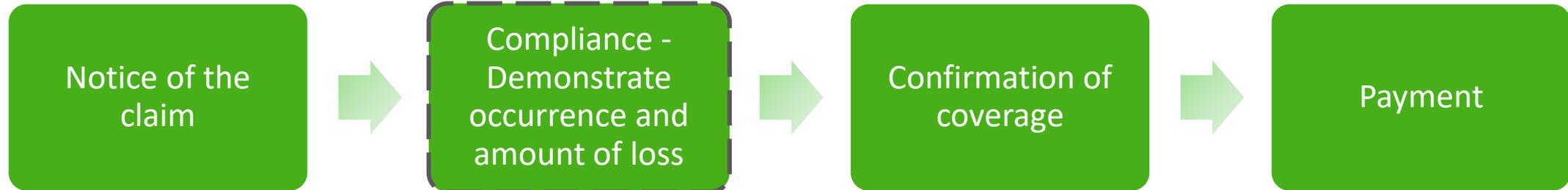
➤ Total coverage: COP 50.000 million, with COP 150 million deductible.

Premises for loss management:

Relationship of trust and joint work with the adjuster through constant exchange of information about the compensation strategy for people affected
Accompaniment of the adjuster to the EPM team on the site to participate in the valuation of homes and negotiation.

2. Update on the Ituango Contingency

Insurance policy all risk construction and assembly



- EPM hired the firm “Skava” to perform the root cause analysis.
- Detailed documentation of recovery costs.
- Discussion with the Adjuster on the variables for the liquidation of business interruption has begun.
- The adjuster's experts are conducting the root cause and legal analysis.

- Confirmation of coverage.
- Compensation process.

- Affected assets: Validation with the Loss Adjuster of the repair and replacement costs of the affected goods.
- For the business interruption coverage, work is being done jointly on the model compensation.

➤ **Total coverage: USD 2,556 million, with USD 1 million deductible.**

Premises for loss management:

Construction of a relationship of trust and joint work with the Loss Adjuster and the insurer and reinsurers:

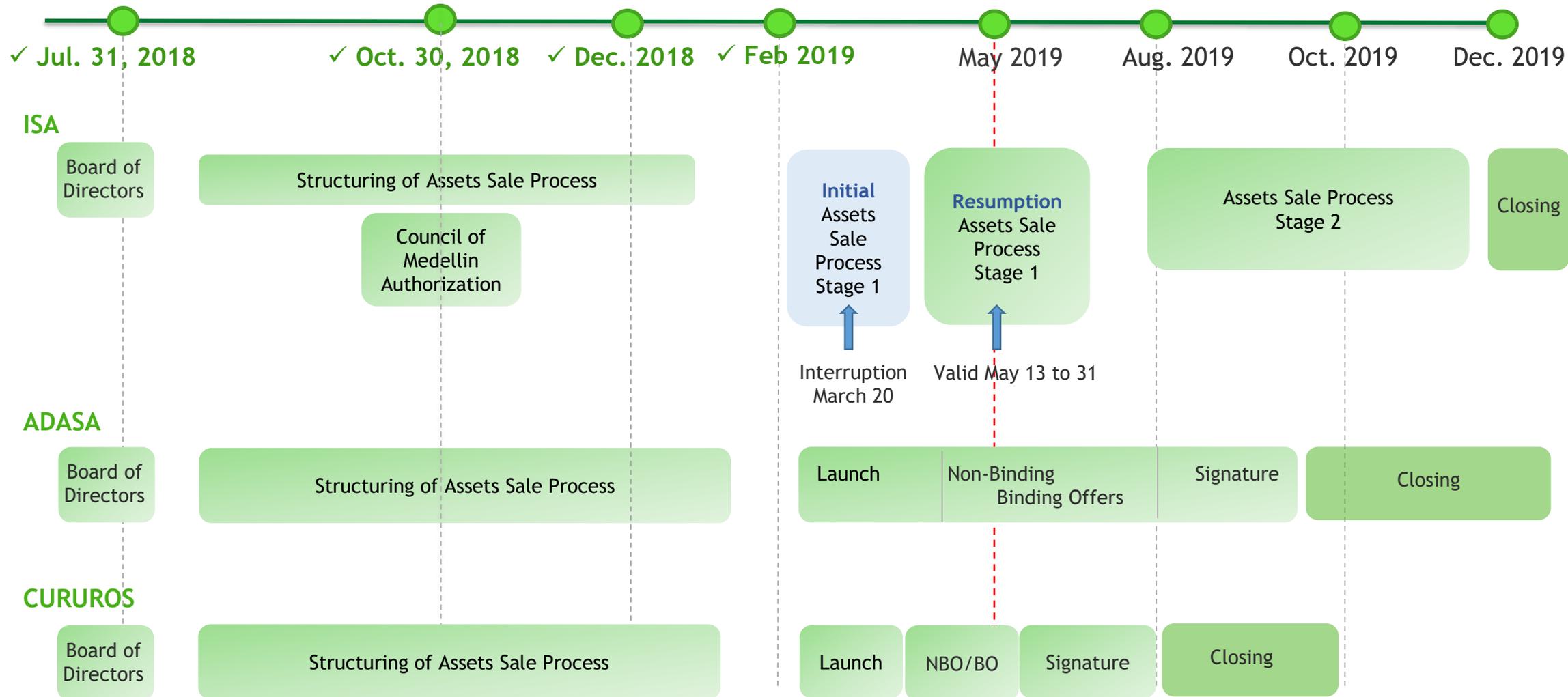
- Report of contingency progress, weekly.
- Visits of the leader Adjuster, monthly.
- Visits to the project with reinsurers leaders of claims and experts appointed by them.
- Continuous answers to requested information.
- Recruitment of experts in management of large claims to support the claim process.

3. Divestment Plan

Indicative schedule



Estimated value of sales: COP 3.5 - COP 4.0 bn approx.



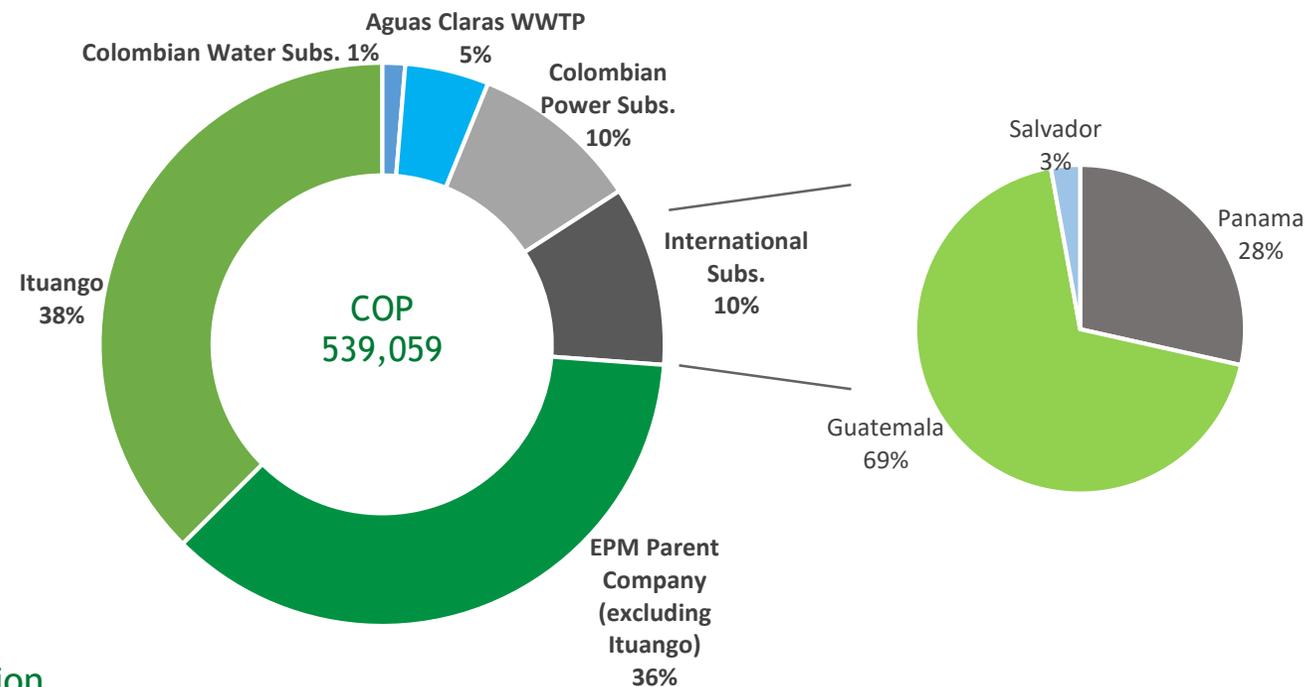
4. Financial Results as of March 31, 2019

CapEx EPM Group

Figures in COP thousand million



EPM Group	Jan.-Mar.2019
Ituango	202,275
EPM Parent Company (excluding Ituango)	195,752
International Subs.	55,674
Aguas Claras WWTP	25,917
Colombia Power Subs.	52,383
Colombian Water Subs.	7,058
Total	539,059



✓ EPM Group Investments as of March: **COP 539 thousand million**



4. Financial Results as of March 31, 2019

EPM Group Income Statement

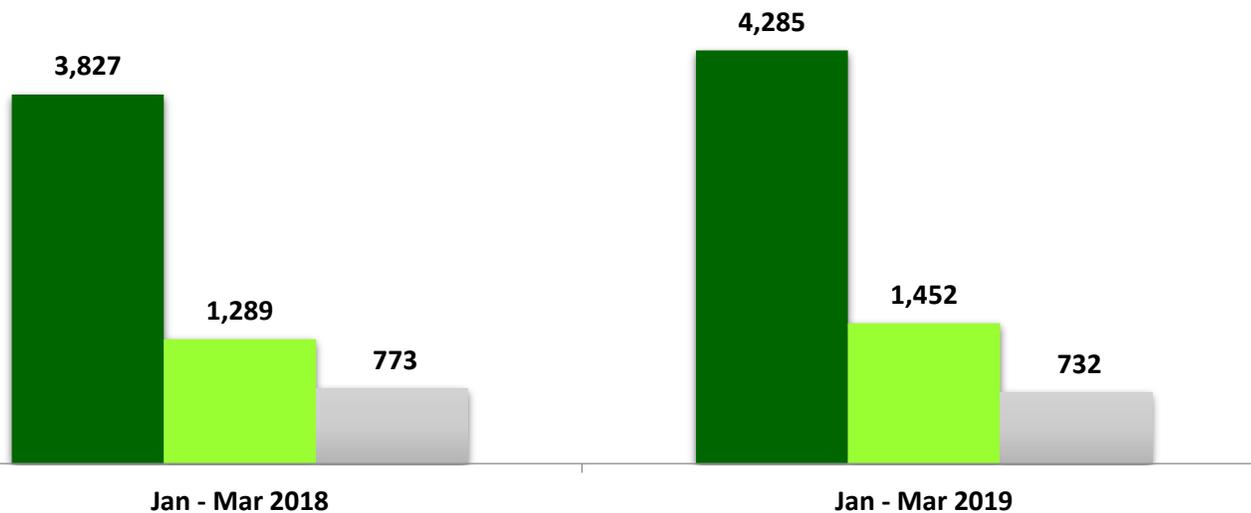
Figures in COP thousand million



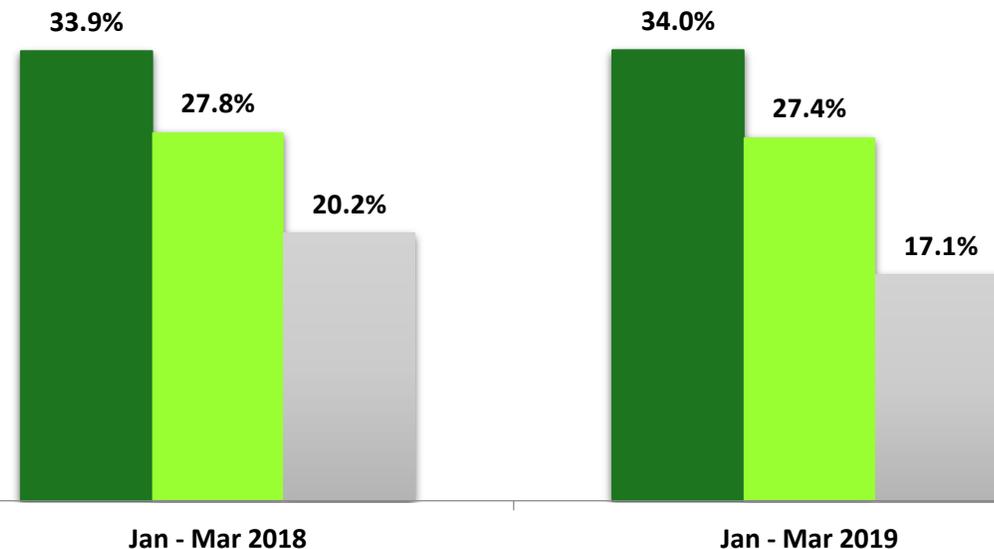
■ Revenues ■ EBITDA ■ Comprehensive income

Var. 1Q2018 - 1Q2019

■ Revenues: 12%
 ■ EBITDA: 13%
 ■ Comprehensive income: -5%



■ EBITDA margin ■ Operational margin ■ Net Margin



- Revenues increased COP 458, 12%, explained by higher energy prices, AGC services, and long-term sales on EPM Parent Company.
- EBITDA rose COP 164, 13% with respect to previous year.
- Comprehensive income decreased COP 42, 5%, due to higher gross debt financial expenses and income tax provision.

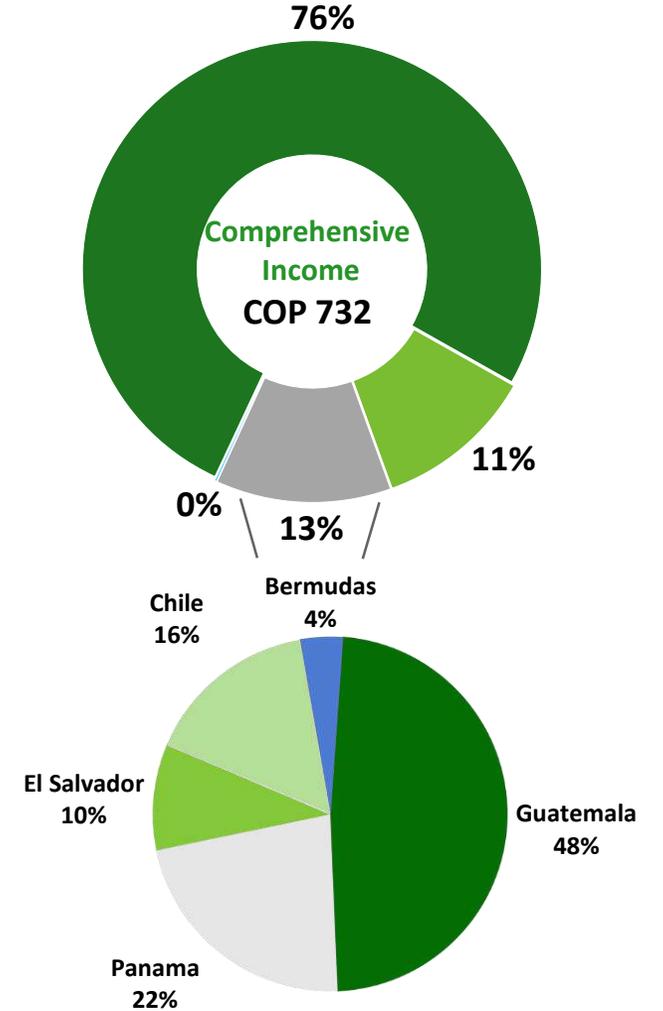
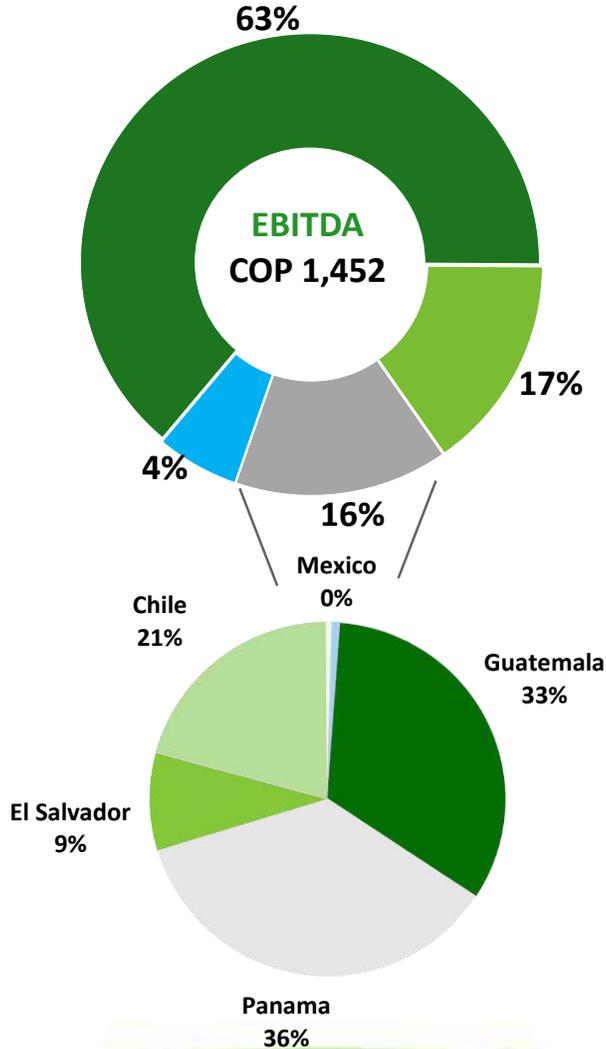
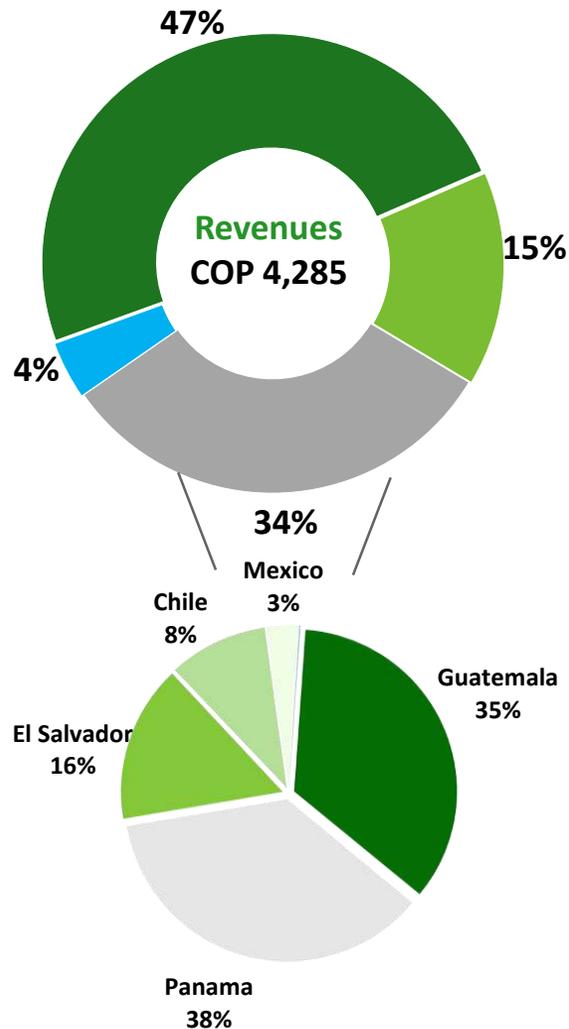
4. Financial Results as of March 31, 2019

EPM Group by Colombian and International Subsidiaries

Figures in COP thousand million



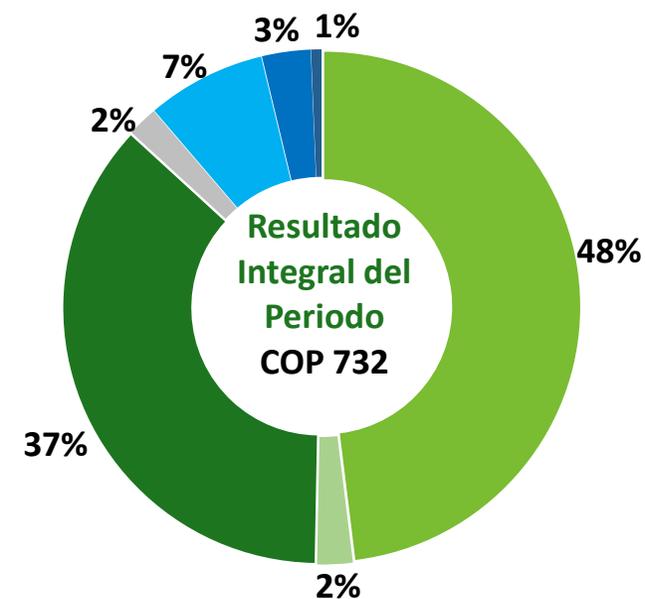
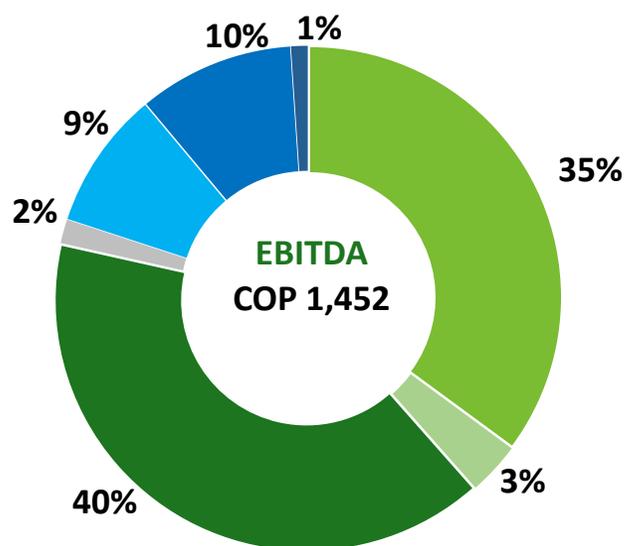
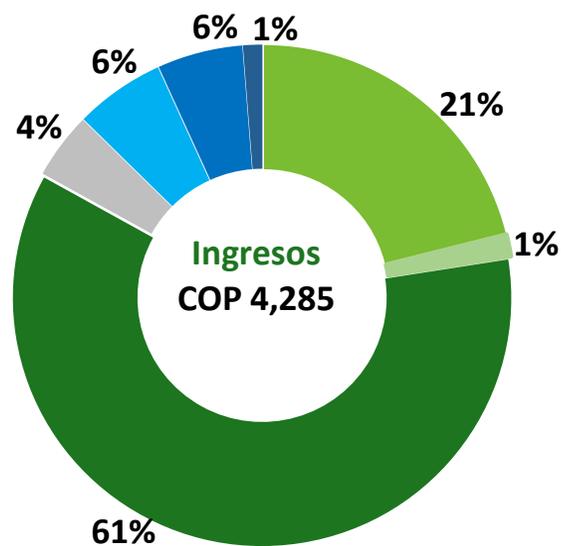
- EPM
- Colombian Power Subsidiaries
- Colombian Water Subsidiaries
- International Subsidiaries



4. Financial Results as of March 31, 2019

EPM Group by Segments

Figures in COP thousand million

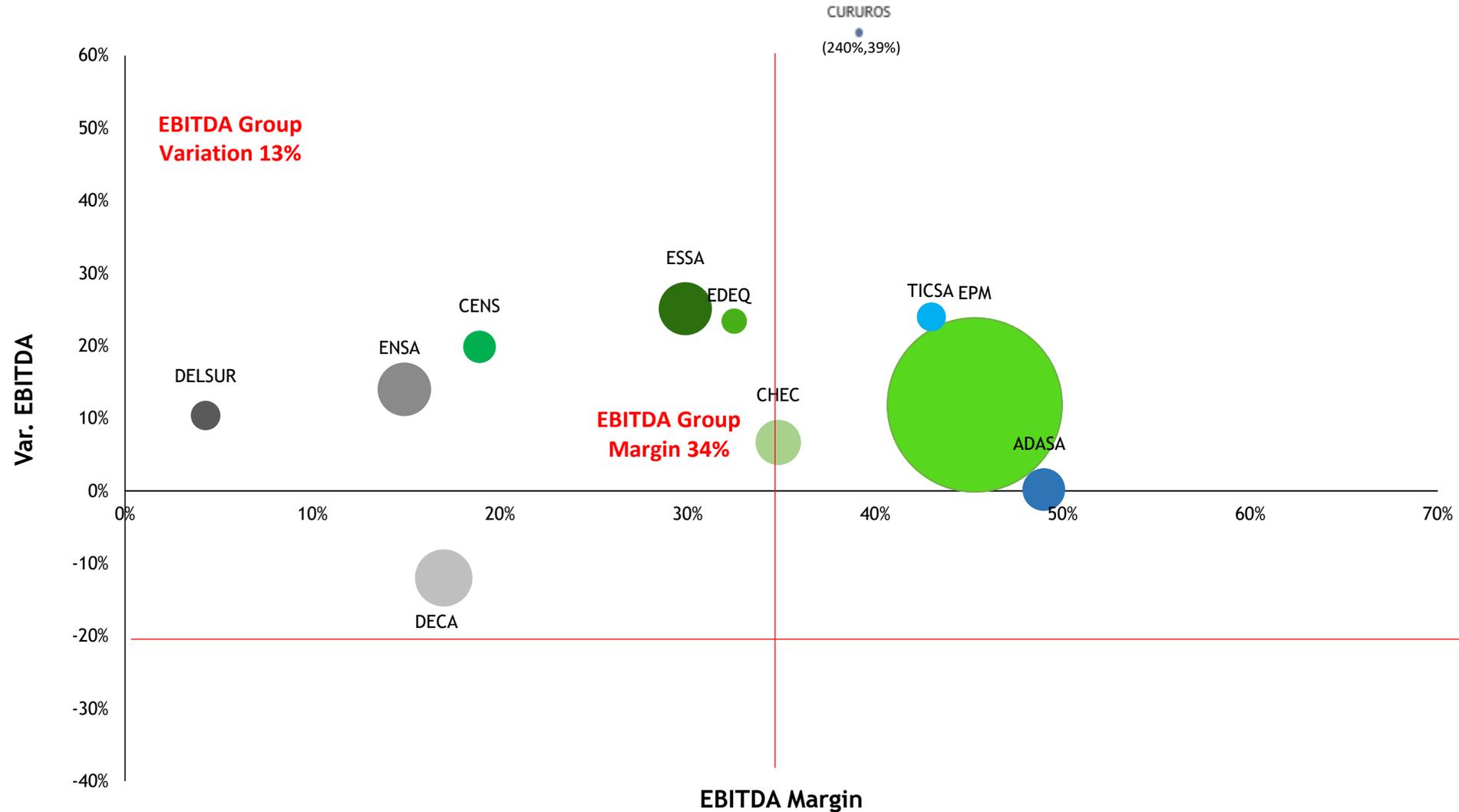


- Power Generation
- Power Distribution
- Water
- Solid Waste Management
- Power Transmission
- Gas
- Wastewater Management

4. Financial Results as of March 31, 2019

EPM Group EBITDA

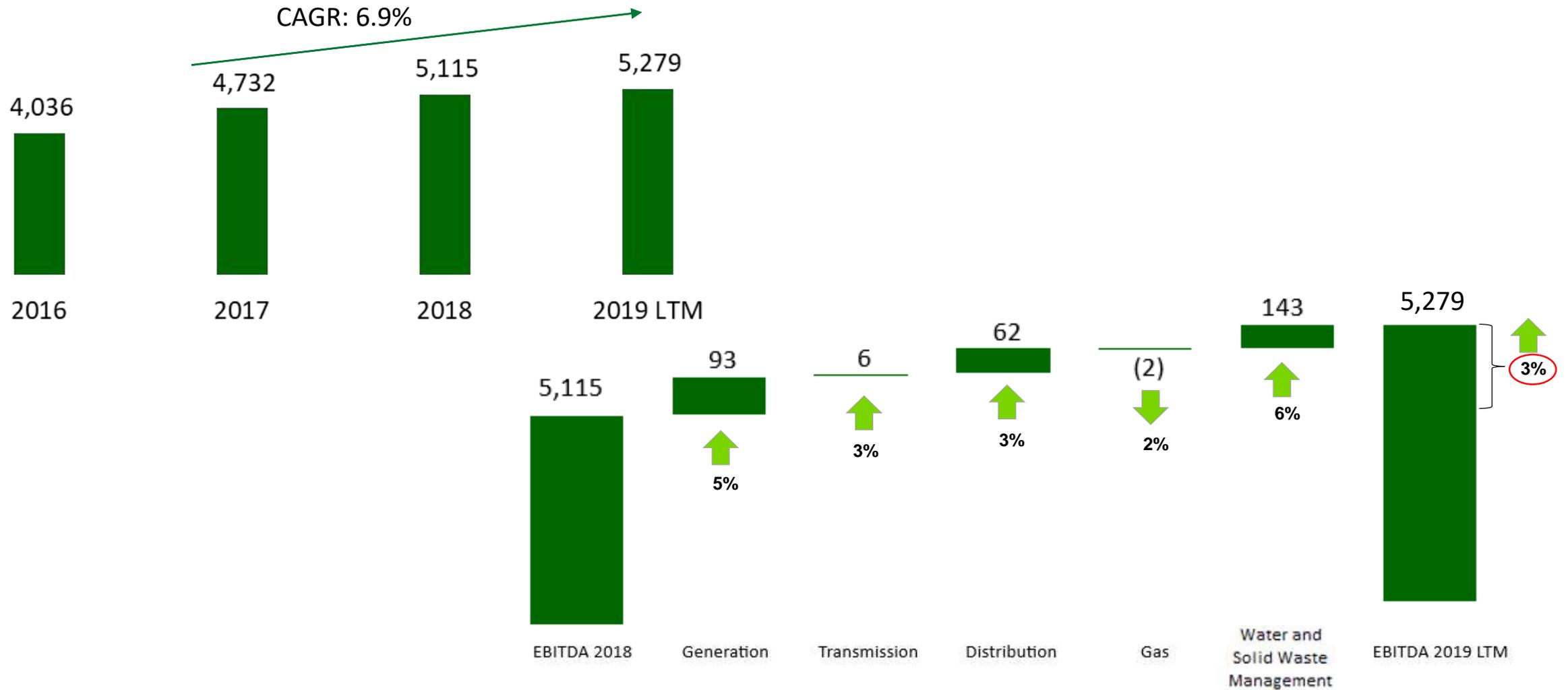
Figures in COP thousand million



4. Financial Results as of March 31, 2019

EPM Group EBITDA

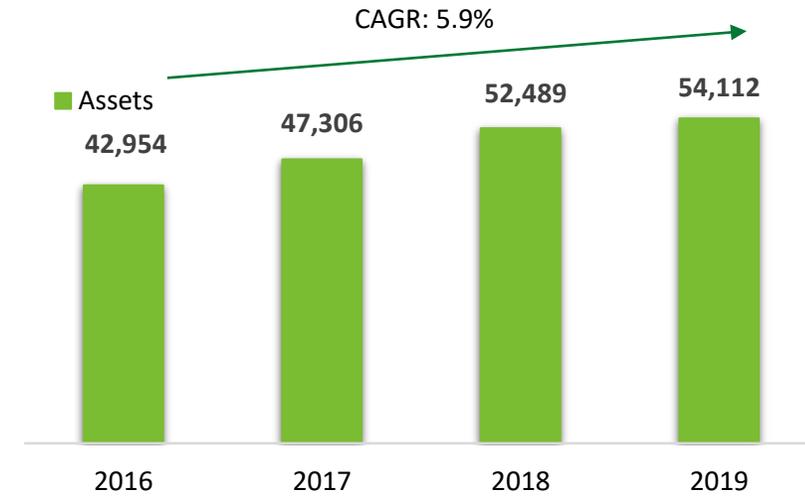
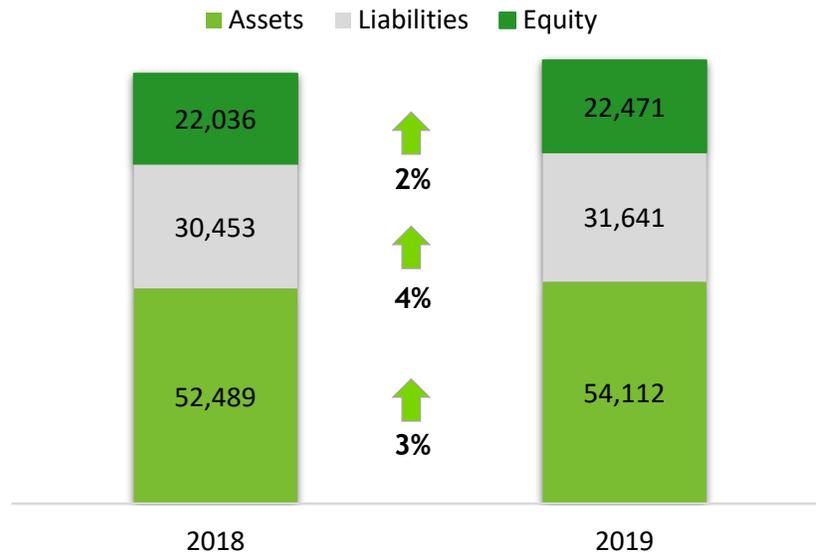
Figures in COP thousand million



4. Financial Results as of March 31, 2019

EPM Group Statement of Financial Position

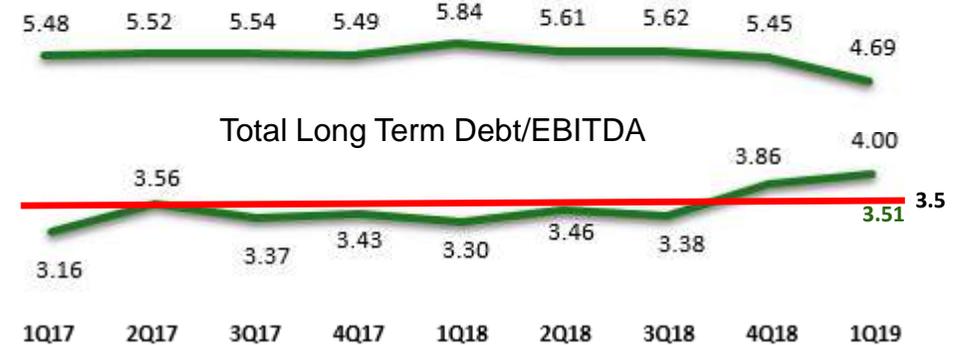
Figures in COP thousand million



EBITDA/ Financial expenses

Ratios	2018	2019
Total debt	58	58
Financial debt	38	42
EBITDA/ financial expenses	5.84	4.69
Total Long Term Debt/EBITDA	3.28	4.00 (*)

(*) Net Debt/EBITDA: 3.51



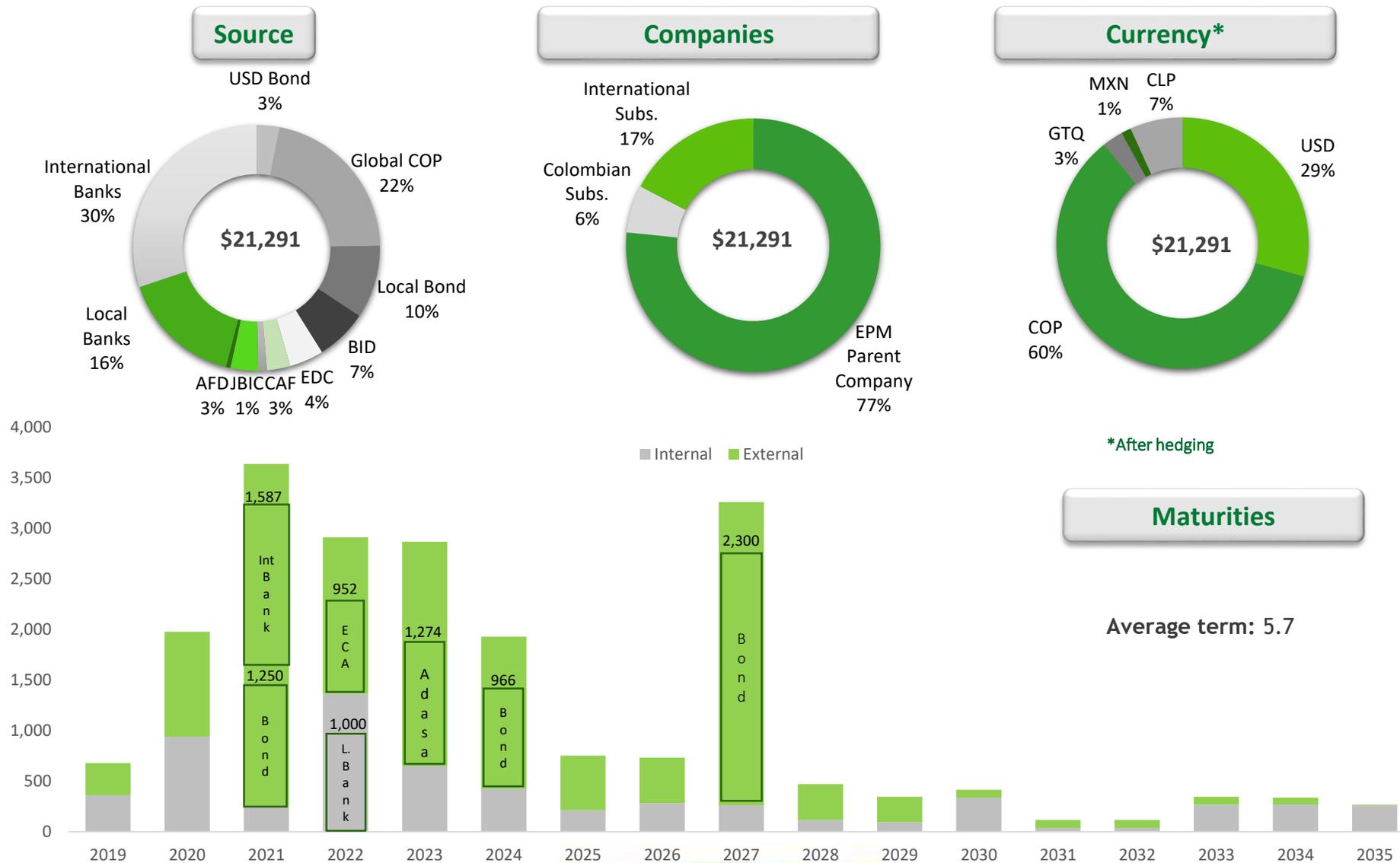
- Cash position as of March 31, 2019 was COP 2.98 billion

4. Financial Results as of march 31, 2019



Debt Profile

Figures in COP thousand million



Credit transactions since the Contingency



31 Credit transactions, total amount: USD 2.462 million

✓ Loans - Disbursement

- EDC - USD 90 million (May 2018)
- CAF - USD 200 million (June and August 2018)
- IDB Invest - USD 450 million (December 2018)

✓ Liability management in October to increase maturity in 5 years

- ADASA - CLP 273,000 million (USD 430 million equiv.)
- ENSA - USD 100 million
- EEGSA - USD 170 million

✓ Signed loans in November 2018

- International bank USD 750 million
- Local bank COP 1.0 billion

✓ Energy operation guarantees

- International banks USD 134 million
- Local banks COP 0.4 billion

✓ Recent development

- Total of EPM's 2019 bond was prepaid on March 27 through a Make-Whole Call (USD 500 million).

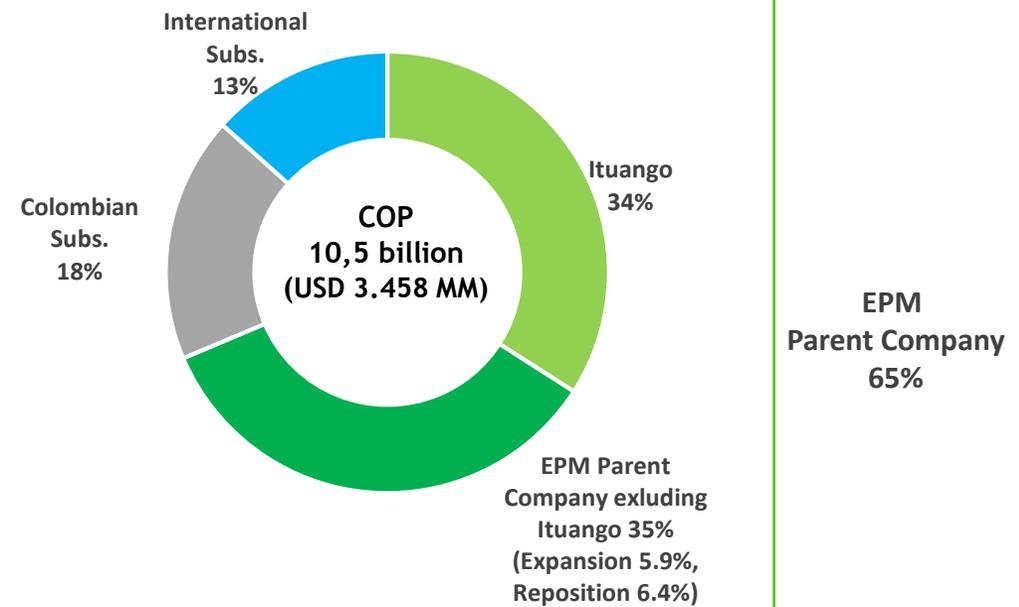
5. Infrastructure Investment Plan 2019-2022



CapEx: COP 10,5 billion (USD 3.458 MM equiv.)

- 76% Power, 24% Water
- 69% EPM Parent company, 18% Colombian subsidiaries, 13% International subsidiaries

Figures in USD million	2019	2020	2021	2022	TOTAL 2019-2022
Ituango	426	346	279	128	1.179
Generation	23	40	33	25	121
Transmission and Distribution	411	358	309	226	1.303
Gas	5	4	5	2	17
Water	324	260	165	76	826
Corporative	6	6	1	0	13
Total EPM Group	1.196	1.014	792	456	3.458



➤ **Funding sources:**

- **Funding operations to be disbursed (USD 771 MM):**
 - ✓ A/B loan IDB Invest: USD 450 MM
 - ✓ BNDES: USD 71 MM
 - ✓ HSBC: USD 250 MM
- **Potential new funding sources:**
 - Capital markets: international and local
 - Commercial banks: international and local
 - Development Banks

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